

these applications, Johnson & Estes Company and Rapid Import Salvage and Towing. The remaining two applications, city of Corsica and Byre Brothers, are still undergoing review.

Mr. Ryan reported that \$838,590 is available for disposal projects and \$1,573,500 is available for recycling projects.

Mr. Ryan presented the applications and the department's recommendations for funding.

Johnson & Estes Company requested a \$460,000 Solid Waste Management Program loan to purchase a tire shredder to produce tire-derived fuel for the Big Stone Power Plant. The total project cost is \$650,000.

The staff recommended no funding for this project. Staff believes the tire shredding capabilities in the state have been addressed by New Deal Tire in Groton. Staff is also concerned about the economics of the proposed tire shredding operation because nationwide the economic feasibility of these facilities requires collection of more than 250,000 tires.

Kathy Johnson and Doyle Estes, owners of Johnson & Estes Company, explained the project and requested board approval of the loan. Ms. Johnson and Mr. Estes answered several questions from board members.

Mr. Ryan also answered questions from the board.

Rapid Import Salvage and Towing Company requested a \$70,000 grant and a \$75,000 loan to be used toward the purchase of an Eco-Block System to bale waste tires and encase them in concrete. The total project cost is \$165,000.

The staff recommended no funding for the project. Staff had concerns regarding the cost and marketability of the blocks. Staff believes transportation costs would be an issue because the blocks weigh three to four tons each.

Willis Venekamp, owner of Rapid Import Salvage, explained the project and requested board approval of funding. He answered questions from the board.

FUNDING DECISIONS: Motion by Kennedy, seconded by Larsen, to deny funding for Johnson and Estes Company. A roll call vote was taken and the motion carried unanimously.

Motion by Greenfield, seconded by Larsen, to deny funding for Rapid Import Salvage. A roll call vote was taken and the motion carried unanimously.

ESTABLISH SOLID WASTE LOAN TERMS: David Ryan reported that in accordance with ARSD 74:05:10:12.01, the board must establish interest rates for the Solid Waste Management Program each year. ARSD 74:05:10:12.02 stipulates that the board may consider the following criteria as it sets the program's interest rates: 1) current market rates, 2) current prices for recyclable materials, and 3) current demand for program funds.

The term of loans made from the Solid Waste Management Program is limited by statute. SDCL 46A-1-67 states that loans from the Water and Environment Fund may not exceed seven years for loans for purposes other than actual construction of water resources projects.

Mr. Ryan noted that the current rates are 3% for a term not to exceed the useful life of the project or seven years, whichever is less. This rate has been in effect since the fall of 1996.

The staff recommended the board adopt a resolution supporting the current rate and term.

Motion by Loucks, seconded by Kennedy, to adopt Resolution # 98-71 setting the Solid Waste Management Program loan interest rate at 3% for a term not to exceed the useful life of the project or seven years, whichever is less. A roll call vote was taken and the motion carried unanimously.

AMEND DRINKING WATER SRF INTENDED USE PLAN (IUP): Mike Perkovich reported that the board approved the FY 1998 Drinking Water IUP in December 1997. It was amended at the February, March, and June 1998, meetings.

The city of Mobridge is seeking a second loan to finance the upgrade of its water treatment plant. The city was awarded a Drinking Water SRF loan for \$965,000 in March 1998, for this project. The second loan is necessary due to higher than expected bid prices.

Mr. Perkovich stated that the department recommended adding a second Mobridge entry to Attachment I, Project Priority List. The IUP entry will contain the following information:

Project Number: C462016-02

Estimated Loan Amount and Cap Grant FY: \$380,000, 1998

Expected Loan Rate and Term and Funding Date: 5.25%, 20 years, July 1998

Motion by Greenfield, seconded by Kennedy, to amend the FY 98 Drinking Water SRF Intended Use Plan as recommended by the department. A roll call vote was taken and the motion carried unanimously.

BIG STONE CITY DRINKING WATER SRF (01) LOAN APPLICATION: Gayleen Lowe reported that the project will involve construction of a 100,000 gallon elevated water storage tank. The existing 50,000 gallon tank is fifty years old and does not provide adequate storage for the community. The city also wishes to refinance debt incurred with the construction of the new Ortonville regional water treatment plant. Plant startup occurred in early June. Delivery of water to Big Stone City began in mid-June.

Heather Forney reported that the city requested approval of a \$600,000 Drinking Water SRF loan for a 20-year term at a 5.25% interest rate. Water revenues are pledged toward repayment of the loan and are backed by a general obligation bond which was voted on and approved by the city on July 7, 1998.

The staff recommended approval of the SRF loan contingent upon the resolution authorizing the sale of the bond becoming effective.

Mayor Val Rausch discussed the project and requested board approval of the Drinking Water SRF loan.

Motion by Kennedy, seconded by Loucks, to adopt Resolution # 98-72 approving the Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$600,000 at a 5.25% interest rate for a term of 20 years for the city of Big Stone City for the purpose of storage improvements and refinancing debt incurred with the construction of the new Ortonville water treatment plant, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, accept and assign the Local Obligation to the Trustee, and execute and deliver such other documents and perform all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the resolution authorizing the sale of the bond becoming effective. A roll call vote was taken and the motion carried unanimously.

MOBRIDGE DRINKING WATER SRF (02) LOAN APPLICATION: Jim Anderson reported that the city of Mobridge applied for a second Drinking Water SRF loan for a water treatment plant upgrade project. The loan is needed as the bids for the project came in unexpectedly high. The city believes that the project can be constructed with the additional funds from this loan.

The project involves improvements to the rapid mixing equipment, flocculation mixing variable frequency motors, filtration system, chemical feed facilities, backwash pumping facilities, instrumentation and controls, and non-process facilities.

Dave Ruhnke reported that the city requested approval of a \$355,000 Drinking Water SRF loan at 5.25% interest for a 20-year term. Water revenues are pledged toward repayment of the loan.

The staff recommended approval of the SRF loan contingent upon the resolution authorizing the sale of the bond becoming effective and contingent upon receipt of Form 4700-4 from EPA.

Ted Dickey, NECOG, answered questions from the board.

Motion by Loucks, seconded by Greenfield, to adopt Resolution # 98-73 approving the Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$355,000 at a 5.25% interest rate for a term of 20 years for the city of Mobridge for the purpose of water treatment plant upgrades, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, accept and assign the Local Obligation to the Trustee, and execute and deliver such other documents and perform all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the resolution authorizing the sale of the bond becoming effective and contingent upon receiving Form 4700-4 from EPA. A roll call vote was taken and the motion carried unanimously.

SIOUX FALLS DRINKING WATER SRF (01) LOAN APPLICATION: Jim Anderson reported that the city of Sioux Falls applied for its first Drinking Water SRF loan to continue with the city's five-year capital improvements plan. The loan features ten projects which include water treatment plant upgrades, control pressure zone improvements, and improvements to a water booster station. Other projects include water main installation which will provide service to outlying areas of the city and connection of a housing development that has a water system that cannot meet secondary water quality standards. The projects are needed to improve water pressure, storage problems, and assist the city in meeting future water quality standards.

Heather Forney reported that the city requested approval of a \$7,022,000 Drinking Water SRF loan at a 4.50% interest rate for a 10-year term. Water revenues have been pledged toward repayment of the loan.

The staff recommended approval of the Drinking Water SRF loan contingent upon the resolution authorizing the sale of the bond becoming effective and contingent upon completion of the environmental review.

Curt Struck, supervising engineer, discussed the project and requested board approval of the SRF loan.

Motion by Loucks, seconded by Kennedy, to adopt Resolution # 98-74 approving the Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$7,022,000 at a 4.50% interest rate for a term of 10 years for the city of Sioux Falls for the continuation of the city's five-year capital improvements plan, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, accept and assign the Local Obligation to the Trustee, and execute and deliver such other documents and perform all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the resolution authorizing the sale of the bond becoming effective and contingent upon completion of the environmental review. A roll call vote was taken and the motion carried unanimously.

APPROVAL OF CLEAN WATER SRF FUNDS TRANSFER: Lynne Chasing Hawk reported that a reserve bond fund is established whenever the board issues bonds. The reserve accounts are funded by issuing additional bonds above and beyond what is needed for state match. There are four reserve funds which currently contain more than \$1.9 million in bond proceeds.

The interest borrowers pay on their SRF loans is allocated to three Unrestricted Revenue Accounts. These funds are available to pay debt service on the bonds. Excess funds, above what is needed to pay debt service, are transferred into the Unrestricted Cumulative Excess Accounts. These funds are available to repay the bonds if there is a shortfall in the future. EPA will also allow the board to provide direct loans out of the funds generated by interest to the borrowers. EPA will not allow the board to use the excess interest earnings for match. There is currently about \$3.7 million in the Unrestricted Cumulative Excess Accounts.

EPA has agreed to let the board transfer \$1,843,675 from the Unrestricted Cumulative Excess Accounts to the reserve accounts. The bond proceeds in the reserve accounts can then be used to provide state match for the entire 1999 capitalization grant and a portion of the 2000 capitalization grant. This is positive for the program since it provides additional match without the issuance of additional bonds.

Ms. Chasing Hawk presented a resolution prepared by Bruce Bonjour. The staff recommended approval of the resolution.

Motion by Greenfield, seconded by Kennedy, to adopt Resolution # 98-75 authorizing staff to direct the trustee to make the following transfers when necessary: 1) Transfer funds from the Unrestricted Cumulative Excess Accounts to the 1995 Restricted Reserve and the 1994, 1995, and 1996 Unrestricted Reserve accounts; 2) Transfer the bond proceeds from the 1995 Restricted Reserve account to the Federally Capitalized Loan Account; and 3) Transfer the bond proceeds from the 1994, 1995, and 1996

Special Reserve accounts to the State Match Loan Account. A roll call vote was taken and the motion carried unanimously.

ELECTION OF OFFICERS: Motion by Larsen, seconded by Kennedy, to elect the following board members as officers: Steve Lowrie, Chairman; Gregg Greenfield, Vice Chairman, and Dale Kennedy, Secretary. A roll call vote was taken and the motion carried unanimously.

OTHER ITEMS OF BUSINESS: Mr. Feeney reported that the department received repayment of the \$120,000 Consolidated grant from the town of Florence.

Mike Erickson, Dependable Sanitation, invited the board to attend the opening of the Watertown recycling facility on July 23, 1998, from 5:00 to 7:00 p.m. CDT. Mr. Feeney noted the project received a \$62,500 Solid Waste Management Program grant.

Mr. Feeney reported a Senate Subcommittee hearing on water and power took place last week for Reclamation projects. Perkins County RWS received about 45 minutes during the hearing. Subcommittee Chairman Kyl was not available and Senator Tim Johnson chaired the subcommittee meeting. Representatives from Perkins County indicated that the hearing went well.

Mr. Feeney asked if the board had any questions regarding Dave Templeton's written division update.

UPDATES: Pat Cerny, South Central Water Development District and Jay Gilbertson, East Dakota Water Development District provided updates on their respective districts. Dennis Davis, South Dakota Rural Water also provided an update.

ADJOURN: Chairman Lowrie declared the meeting adjourned at 4:00 p.m.

Approved this 23<sup>rd</sup> day of September, 1998.

(SEAL)

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Chairman, Board of Water and Natural Resources

ATTEST:

\_\_\_\_\_  
Secretary, Board of Water and Natural Resources

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# BOARD OF WATER AND NATURAL RESOURCES MEETING

CONDUCTED VIA THE RURAL DEVELOPMENT TELECOMMUNICATIONS NETWORK

JULY 22, 1998

PIERRE  
CAPITOL BUILDING

NAME (PLEASE PRINT)	ADDRESS	REPRESENTING
Rep. BILL CERNY	RT1 Box 2 Burke	Leg. Oversight
David Ryan	Pierre	DENR
Jim Anderson	Pierre	DENR
Heather K. Jolley	Pierre	DENR
Laurie Gates	Pierre	DENR
David Ruhnke	Pierre	DENR
James Feeney	Pierre	DENR
Lynne Chasing Hawk	Pierre	DENR
Gayleen Lowe	Pierre	DENR
Pat CERNY	So. Central W.D.D.	Burke SD
Mike Pericovich	PIERRE	DENR
Keith Gestrings	Pierre	DENR
David Templeton	Pierre	DENR
Ted Dickey	<del>Pierre</del> Aberdeen	NECOG





## BOARD OF WATER AND NATURAL RESOURCES MEETING

JULY 22, 1998

## SIoux FALLS

NAME (PLEASE PRINT)

ADDRESS

## REPRESENTING

Gregg Greenfield

Sioux Falls

Bwne

Dale Kennedy

Beresford

BWNR

Roger Larsen

# Sioux Falls

RUNK

Bert Olson

Sioux Falls

First National Bank in S.F.

Curt Struck

Sioux Falls

City of Sioux Falls

Dennis Davis

Sioux Falls

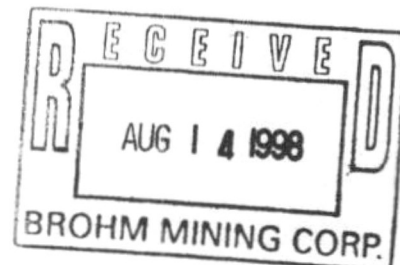
SP Assn. of Rural Water Sys

*South Dakota*



**BOARD OF MINERALS  
AND ENVIRONMENT**

523 EAST CAPITOL AVENUE  
PIERRE, SOUTH DAKOTA 57501-3181  
(605) 773-3151 FAX: (605) 773-6035



**A G E N D A**

Meeting of the  
Board of Minerals and Environment  
Matthew Environmental Education and Training Center  
523 East Capitol Avenue  
Pierre, South Dakota

10:00 a.m. CDT  
August 20, 1998

1. Call to order and roll call.
2. Approval of minutes from June 18, 1998 meeting.
3. 10:00 a.m. – Surface mining issues (bond releases, transfer of surety, etc.).
4. 10:10 a.m. – Public hearing on proposed rules ARSD 74:27:22:01; ARSD 74:27:22:02; ARSD 74:27:22:03; ARSD 74:27:22:04; ARSD 74:27:22:05; and ARSD 74:27:22:06.
5. 11:00 a.m. – Other items of business.
6. 11:45 a.m. – Adjournment.

Minutes of the  
Board of Minerals and Environment Meeting  
Conducted via the  
Rural Development Telecommunications Network

Pierre  
State Capitol Building

Rapid City  
SD School of Mines and Technology

Sioux Falls  
Southeast Technical Institute

Madison  
Dakota State University

June 18, 1998  
2:00 p.m. CDT

CALL TO ORDER AND ROLL CALL: The meeting was called to order by Chairman Richard C. Sweetman. The roll was called and a quorum was present.

Chairman Sweetman appointed Pat Healy as secretary pro tem.

BOARD MEMBERS PRESENT: Richard Sweetman, Lee McCahren, Pat Healy, Linda Hilde, and Charles Monson. (Monson participated via telephone conference call.)

BOARD MEMBERS ABSENT: Brian Radke, Wilbert Blumhardt, and Kathryn Johnson.

OTHERS PRESENT: See attached attendance sheets.

APPROVAL OF MINUTES FROM MAY 20-22, 1998, MEETING: Motion by Healy, seconded by McCahren, to approve the minutes from the May 20-22, 1998, Board of Minerals and Environment meeting, as mailed. A roll call vote was taken and the motion carried unanimously.

SURFACE MINING ISSUES: Mike Cepak was administered the oath by Roxanne Giedd and testified regarding release of liability and surety, acceptance of surety riders, and surety forfeiture. (See attached matrix sheet.)

Motion by Hilde, seconded by McCahren, to approve release of liability and \$3,564 for Luff Exploration Company, Denver, CO, EXNI-390, Harding County; and release of liability for Darrell Besmer Construction, Burke, SD, Mine License No. 83-242, Gregory County. A roll call vote was taken and the motion carried unanimously.

Motion by Healy, seconded by Hilde, to accept the following surety riders: Dawson Construction, Howard, SD, Mine License No. 83-21, accept rider adding legal descriptions of E1/2 Section 16; T106N-R52W, Lake County and N1/2 Section 27; T106N-R54W, Lake County; and Rechnagel Construction, Inc., Hurley, SD, Mine License No. 83-135, accept rider adding legal description of W1/2 SW1/4 Section 5; T97N-R58W, Hutchinson County. A roll call vote was taken and the motion carried unanimously.

IN THE MATTER OF THE FORFEITURE OF SURETY BOND 1764 ISSUED FOR MINE LICENSE NO. 83-105, FABER CONSTRUCTION: Mr. Cepak stated that the department is requesting a continuance on this matter. Kenneth Faber has submitted a written statement saying he will reclaim the site by September 30, 1998.

Motion by McCahren, seconded by Hilde, for a continuance on the surety forfeiture for Faber Construction, Brookings, SD, Mine License No. 83-106, Brookings County. Motion carried.

IN THE MATTER OF THE RELEASE OF \$107,000 OF THE BROHM RECLAMATION BOND FOR THE PURPOSE OF PROVIDING REIMBURSEMENT FOR NEUTRALIZING CYANIDE FROM PROCESS SOLUTIONS AND SPENT ORE: Steve Pirner, Director of the Division of Environmental Services, reported that the board approved Brohm's Anchor Hill permit in 1996. The Anchor Hill project was an open pit mine on the northeast corner of the property which was designed to provide the cash flow necessary to finance reclamation on the Gilt Edge property. Also, testing showed that the deposit has very little sulfide bearing materials, and it would be a good source for construction material necessary to cap and reclaim the acid producing areas of the Gilt Edge property.

The Anchor Hill project was broken into two phases. Phase I was to be undertaken by Brohm on private land that was owned or controlled by Brohm. Phase II would extend the northern boundary of the Anchor Hill pit onto about 12 acres of Forest Service land. At the time the board approved the Anchor Hill project, Brohm was working with the Forest Service on an Environmental Impact Statement (EIS) to gain approval to go onto those 12 acres. The board conditioned the permit so that Brohm could not begin Phase II until the Forest Service granted approval. Upon gaining state and local approval, Brohm undertook Phase I of the project. They essentially mined it right up to the Forest Service boundary. In August 1997, Brohm ran out of ore with Phase I and the mining operation was ceased.

In November 1997, the Forest Service issued a record of decision that would have allowed Brohm to continue with Phase II, but process appeals were entered against that record of decision. The Forest Service withdrew its favorable record of decision in February 1998. Since that time, the Forest Service has gained additional information through its EIS process, and in April 1998, it published a supplement to the draft EIS. The supplement is out for public notice at this time and the public notice period will be ending very soon.

Mr. Pirner stated that in the mean time, Brohm has been left holding the property with no revenues, no cash flow, so both Dakota Mining Corporation and Brohm's financial difficulties have continued to mount.

Mr. Pirner said a couple of months ago Dakota and Brohm entered into discussions with the state regarding how the state could take over the property. The state has resisted those efforts. When Dakota entered an ultimatum that on May 29, 1998, they would turn the property over to the state, the state went to circuit court in front of Judge Scott Moses in Sturgis and obtained a temporary restraining order that prevented Brohm from doing so. The following week the state went back to circuit court in front of Judge Warren Johnson in Deadwood and obtained a preliminary injunction that requires Brohm and Dakota to maintain the property, maintain the environmental systems on the property, and fulfill the obligations they have under state law and under their permits. Mr. Pirner stated that to date, Dakota and Brohm have complied with those court orders and are maintaining the property and the environmental systems on the property. They continue to work to seek financing of some type to keep the operation going.

During some of the discussions between the state, Dakota and Brohm, Governor Janklow essentially ordered Brohm and Dakota to begin to clean up the mine site. It was decided that the first step of that process would be to undertake neutralization of the process water and process solution on the property. Mr. Pirner said right now Brohm circulates on a daily basis about 20 million gallons of process solution. This is solution that is circulated through about 3.2 million tons of ore on the heap leach pad. Most of the recoverable gold has been taken out of that ore. However, the process solution still contains about 65 ppm of cyanide. The process solution can continue to grow with additional precipitation. Therefore, to eliminate that environmental threat from the property the Governor wants the first step to clean up the mine site to be neutralization of that solution.

Mr. Pirner stated that the chemical, hydrogen peroxide, necessary to neutralize the cyanide will cost about \$107,000, according to Brohm's estimate. As Brohm continues to maintain the property and operate the environmental systems, the hydrogen peroxide will be added to the process solution circuit and the cyanide will be eliminated.

Chairman Sweetman asked if the state will purchase the hydrogen peroxide. Mr. Pirner answered that according to the discussions that have occurred thus far, it would be on a reimbursement basis to Brohm.

Chuck Monson asked if the state was going to pay for only the supplies to neutralize the solution. Mr. Pirner answered that the \$107,000 represents just the cost of the hydrogen peroxide.

Chairman Sweetman asked if there will be any work done at this point to neutralize the acidic water in the lagoon. Mr. Pirner stated that at this point Brohm has a number of pumping systems to maintain and control the acidic water. In addition, there are evaporator-type mechanisms on the property for disposal of that water. They have a treatment plant that they can run if needed to dispose of additional water. Mr. Pirner said the management and treatment and disposal of the acidic water will continue to be the responsibility of Brohm and Dakota at this time.

Chairman Sweetman asked when the anticipated Forest Service approval of the EIS is expected. Mr. Pirner stated that approval is currently slated for November/December 1998.

Chairman Sweetman asked if there will be any other possible threats from the process water once the hydrogen peroxide has been applied, other than just excess water. Mr. Pirner said the water cannot be discharged because it will still contain heavy metals, etc., but the hydrogen peroxide will eliminate the cyanide toxicity and it will allow Brohm to begin disposal of some of the water through the evaporative means.

Chairman Sweetman asked if the board approves the purchase of the hydrogen peroxide for \$107,000, which would come out of the \$6 million bond, does the board have assurance that Brohm will continue to keep personnel on the site from now until November/December just in case there would be other activities required to protect the environment.

Mr. Pirner answered that is their goal, but they continue to seek financing. At this point in time, they do not have that financing in place. It is the department's goal for Brohm to continue maintaining the operation in full environmental compliance as well.

Mr. McCahren asked if the department was asking for authorization from the board to transfer \$107,000 to the department who will either utilize the money or forward it to Brohm. Mr. Pirner said the department is asking for approval to withdraw the \$107,000 when the neutralization takes place; some of the discussions have indicated it will be in September 1998.

Chairman Sweetman asked if Brohm will be on-site doing the necessary things as conditions require between now and September. Mr. Pirner answered that Brohm will be on-site.

Mr. McCahren asked if Brohm has to do the work before it receives the money. Mr. Pirner said the neutralization process would have to be initiated before the department would make reimbursement.

Chairman Sweetman requested comments from the audience.

Dick Fort said there was a problem at Wharf Resources when it tried hydrogen peroxide and was there some question about the result of that. Mike Cepak stated that Wharf and all the other mining companies use hydrogen peroxide to destroy cyanide. It is added to the neutralization pond to kill the cyanide then they use that solution to flush the cyanide out of the heaps. That solution then goes back to the neutralization pond and they kill the cyanide again. This process has been going on for some time, and there really haven't been any problems with the use of hydrogen peroxide.

Mr. Fort said he had no particular objection to this proposal. He said the impression has been conveyed in the media that this is a solution that is going to save the tax payers millions of dollars in future costs and that it is going to solve problems at this site. That is not the case and there should be a public statement issued making it clear that this is only a start and there are many problems that remain ahead which this does not address.

Marv Truhe, attorney for Brohm, said Brohm fully supports what Mr. Pirner has indicated and that what Mr. Pirner said is accurate in all respects. Mr. Truhe stated that there is a company called Gerald Metals that is a creditor of Brohm. Gerald Metals is looking at the possibility of

providing Brohm long-term financing. Mr. Truhe said that Gerald Metals is the only company at this time that is out there as a possibility for financing. They have provided funding strictly on a week to week basis. Gerald Metals continues to look at the possibility of them providing the funding to keep this operation going through the EIS issuance, which is toward the end of this year. The decision with regard to Gerald Metals is expected within the next two or three days. Mr. Truhe said if that funding comes through, there will be ongoing operations under Brohm's direction. If the funding does not come through, it is fully anticipated that Brohm will be indicating to the state they have no recourse but to turn the property over to the state.

Mr. McCahren commented that if Brohm were not in compliance, its chance of getting Forest Service approval would be decreased.

Chairman Sweetman requested board action.

Motion by McCahren, seconded by Monson, to approve release of \$107,000 of the Brohm reclamation bond for the purpose of providing reimbursement for neutralizing cyanide from process solutions and spent ore. A roll call vote was taken and the motion carried unanimously.

REQUEST PERMISSION TO ADVERTISE WASTE TIRE RULES FOR HEARING IN AUGUST: Vonni Kallemeyn requested permission to advertise the waste tire rules for a hearing on August 20, 1998. The rules are currently being reviewed in-house and will be sent to individuals and businesses for their review and comment prior to the hearing.

Motion by Hilde, seconded by Healy, to authorize the department to advertise the waste tire rules for a hearing at the August 1998, board meeting. A roll call vote was taken and the motion carried unanimously.

DISCUSS CHANGES TO THE AMBIENT AIR QUALITY MONITORING NETWORK: Brad Schultz reported that the purpose of his presentation was to inform the board of changes to the South Dakota Ambient Air Monitoring Network. After discussing comments from the board and the public, the department will send a final plan to EPA.

Mr. Schultz stated that EPA changed the national standards for ozone and particulate matter in July 1997. It reduced the standard for ground level ozone, changed the form of the standard for PM<sub>10</sub> (coarse dust) and added a new standard for PM<sub>2.5</sub> (fine dust). The Clean Air Act requires states to submit a plan one year after the standard changes.

National PM<sub>2.5</sub> monitoring network goals are that 1,100 monitors will be established by December 31, 1998, and 1,500 total monitors by December 31, 1999. South Dakota is required to establish 10 monitoring sites in the first year and two monitoring sites the second year.

Mr. Schultz reported that funding for the PM<sub>2.5</sub> network and the changes to PM<sub>10</sub> and ozone networks would come from federal grants and state matching dollars. Monitoring sites are proposed in Rapid City, Aberdeen, Watertown, Brookings, Sioux Falls and Interior which is located in the Badlands.

Mr. Schultz noted that public comments were received from several individuals and entities requesting monitoring sites in certain areas of the state.

Mr. Schultz answered questions from the board.

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER IN THE MATTER OF WHARF RESOURCES: Lee McCahren, hearing chairman, opened the hearing at 2:45 p.m. CDT. He noted that at the close of the hearing in May, proposed findings of fact and conclusions of law were submitted by Mr. Truhe on behalf of Wharf Resources. Since that time Richard Fort submitted a letter containing his suggestions regarding the proposed findings. Mr. McCahren received DENR's response to the proposed findings. DENR had no objection to Mr. Fort's changes, which have been incorporated into the proposed findings of fact and conclusions of law.

Linn Evans, attorney for Wharf Resources, noted that Wharf had no objections to Mr. Fort's suggested changes.

Diane Best asked that the record reflect that Jack Cole was not present for deliberations on the proposed findings of fact and conclusions of law, nor did he present any objections to the proposed findings of fact and conclusions of law. Mr. Cole did not submit his own proposed findings of fact and conclusions of law.

Ms. Best noted that Wharf Resources submitted a Certificate of Deposit in the amount of \$1,163,000, which is the first installment on the total surety.

Motion by Sweetman, seconded by Healy, to adopt the proposed Findings of Fact, Conclusions of Law and Order in the matter of Wharf Resources' Clinton project large-scale mining permit application. A roll call vote was taken and the motion carried unanimously.

Motion by Monson, seconded by Hilde, to accept the Certificate of Deposit in the amount of \$1,163,000 submitted by Wharf Resources as the first installment on the total bond for the Clinton Project. A roll call vote was taken and the motion carried unanimously.

Mr. McCahren declared the hearing closed.

OTHER ITEMS OF BUSINESS: Chairman Sweetman noted there would not be a board meeting in July. The next regular meeting will be August 20, 1998, in Pierre.

ADJOURNMENT: Motion by Healy, seconded by McCahren, that the meeting be adjourned. Motion carried.

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Date

## BOARD OF MINERALS AND ENVIRONMENT MEETING

CONDUCTED VIA THE RURAL DEVELOPMENT TELECOMMUNICATIONS NETWORK

JUNE 18, 1998

PIERRE  
STATE CAPITOL BUILDING

NAME (PLEASE PRINT)

ADDRESS

REPRESENTING

Mike Cepah

Pierre, SD

SD DENR

Bob Sutton

Pierre, SD

SD Petroleum Council

Al Lundy

Pierre, SD

SD Public Radio

Brad Schultz

Pierre, S.D.

DENR

Rob Meene

"

RCW